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**THIRD CANADIAN GENERAL INVESTMENT
TRUST LIMITED**

1968

Annual Report

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**THIRD CANADIAN GENERAL INVESTMENT TRUST
LIMITED**

Board of Directors _____

ALEX E. BARRON

T. R. MEIGHEN, Q.C.

D. L. CAMPBELL

E. LOUISE MORGAN

A. BRUCE MATTHEWS, C.B.E., D.S.O.

MARTIN L. WILLS

M. C. G. MEIGHEN, O.B.E.

DONALD J. A. WRIGHT

Officers _____

M. C. G. MEIGHEN, O.B.E. - - - - - President

ALEX E. BARRON - - - - - Vice-President and Treasurer

MARTIN L. WILLS - - - - - Vice-President and Assistant-Treasurer

E. LOUISE MORGAN - - - - - Secretary

Auditors _____

PRICE WATERHOUSE & CO. - - - - - Toronto

Registrar and Transfer Agent _____

THE CANADA TRUST COMPANY - - - - - Toronto and Montreal

Office of Company _____

110 YONGE STREET, SUITE 1702 (Telephone 366-2932) - - - - - Toronto

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

TO THE SHAREHOLDERS:

Your Directors have pleasure in submitting the Annual Report of your Company for the year ended December 31, 1968, consisting of the Balance Sheet, and Statements of Income and Expense, Earned Surplus, and Changes in Net Assets, all as reported upon by your Company's Auditors.

The Balance Sheet discloses that the total assets of the Company, as at December 31, 1968, amounted to \$14,101,122. Marketable securities held by your Company were carried on the books of the Company at \$13,716,902. The indicated market value of these securities as at December 31, 1968, was \$31,287,453. The indicated market value, therefore, exceeded the book value by \$17,570,551. If this amount is added to the assets, the total assets of the Company amount to \$31,671,673. From this amount should be deducted the total liabilities of the Company, namely, \$37,635, which leaves a net value of \$31,634,038. After deducting the First Preferred Shares Series A at the call price of \$52.50, namely, \$3,070,042, each of the 1,837,190 Common Shares outstanding as at December 31, 1968 had an apparent equity value of approximately \$15.55.

The Statement of Income and Expense discloses that your Company, after paying all expenses, had net income for the year of \$1,010,576. After providing \$146,349 for dividends on the First Preferred Shares the balance of net income, namely, \$864,227 was equivalent to 47.0 cents for each of the outstanding common shares.

During 1968 cash dividends totalling \$146,349 were paid or declared on the First Preferred Shares Series A. The common shareholders received stock dividends of 45 cents per share in the form of Second Preferred Shares, which were immediately redeemed, totalling \$826,736.

The Directors have declared on the First Preferred Shares, the regular quarterly dividend of sixty-two and one-half cents per Share, payable April 15, 1969 to shareholders of record March 28, 1969, and on the common shares, a stock dividend consisting of four redeemable Second Preferred Shares of the par value of 5 cents each on each of the common shares outstanding, payable March 27, 1969 to shareholders of record March 14, 1969. The preferred shares to be issued as a stock dividend will be redeemed on March 28, 1969.

We record with deep regret the death during the year of Mr. Hugh D. Scully. Mr. Scully was first elected to the Board of Directors in 1950 and during the following eighteen years rendered invaluable service to the Company.

The portfolio of investments as at December 31, 1968, is to be found at the back of this report.

Submitted on behalf of the Board.

Mr. C. G. McEighen

President

TORONTO, January 27, 1969.

THIRD CANADIAN GENERAL

Balance Sheet

Assets

	December 31	
	1968	1967
Investments in Shares (Note 1) - - - - -	\$13,716,902	\$13,626,276
(Value based on market quotations as at— December 31, 1968—\$31,287,453 December 31, 1967—\$25,269,461)		
Short Term Securities, at cost plus accrued interest - - - - -	76,203	234,412
Cash in Bank - - - - -	308,017	28,681
	<u>\$14,101,122</u>	<u>\$13,889,369</u>

Liabilities

Dividend Payable - - - - -	\$ 36,548	\$ 36,720
Income Taxes Payable - - - - -	1,087	46
	<u>37,635</u>	<u>36,766</u>

Capital and Surplus:

Capital stock (Note 2)—

Authorized—

118,477 first preferred shares of the par value of \$50 each, issuable in series
102,233,060 3% non-cumulative second preferred shares of the par value of 5¢
each redeemable at the amount paid up thereon
2,000,000 common shares of no par value

Issued and outstanding—

58,477 \$2.50 cumulative first preferred shares series "A" redeemable at \$52.50 per share - - - - -	2,923,850	2,937,600
1,837,190 common shares - - - - -	<u>9,185,950</u>	<u>9,185,950</u>

	12,109,800	12,123,550
	—	37,000

Capital surplus, pursuant to Section 61 of the Canada Corporations Act - - -		
Contributed surplus, realized on purchase for cancellation of first preferred shares (including \$3,348 arising during the year ended December 31, 1968) - - -	7,789	4,441
Earned surplus - - - - -	<u>1,945,898</u>	<u>1,687,612</u>

	<u>14,063,487</u>	<u>13,852,603</u>
	<u>\$14,101,122</u>	<u>\$13,889,369</u>

APPROVED ON BEHALF OF THE BOARD:

A. BRUCE MATTHEWS, *Director*

M. C. G. MEIGHEN, *Director*

Auditors' Report to the Shareholders of

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED:

We have examined the balance sheet of Third Canadian General Investment Trust Limited as at December 31, 1968 and the statements of income and expense, earned surplus and changes in net assets for the year then ended. Our examination included an inspection of share certificates and other evidence of the investments held by the company as at December 31, 1968 and a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and changes in net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change, with which we concur, referred to in Note 3 to the financial statements.

TORONTO, January 9, 1969.

PRICE WATERHOUSE & CO.
Chartered Accountants.

INVESTMENT TRUST LIMITED

Statement of Income and Expense

	For the year ended December 31	
	1968	1967
Income:		
Dividends received - - - - -	\$1,088,128	\$1,082,050
Less—Allowance for depletion (Note 3) - - - - -	—	10,601
	1,088,128	1,071,449
Interest earned - - - - -	13,331	8,988
	1,101,459	1,080,437
Expense:		
Management fee - - - - -	63,738	61,650
Directors' fees - - - - -	1,700	1,600
Miscellaneous - - - - -	24,295	6,545
	89,733	69,795
Net income before provision for income taxes - - - - -	1,011,726	1,010,642
Provision for income taxes - - - - -	1,150	160
Net income for the year (Note 3) - - - - -	<u>\$1,010,576</u>	<u>\$1,010,482</u>
Net income for the year per common share (after deducting preferred dividends) -	<u>\$.47</u>	<u>\$.47</u>

Statement of Earned Surplus

	For the year ended December 31	
	1968	1967
Balance at beginning of year - - - - -	\$1,687,612	\$1,657,152
Net income for the year - - - - -	1,010,576	1,010,482
Net profit on investments sold - - - - -	227,747	—
	2,925,935	2,667,634
Dividends paid or declared:		
On first preferred shares series "A" - - - - -	146,349	147,036
On common shares in second preferred shares subsequently redeemed - - - - -	826,736	826,736
Tax paid under Section 105(2) of the Income Tax Act - - - - -	43,952	—
	1,017,037	973,772
	1,908,898	1,693,862
Transfer to capital surplus pursuant to Section 61 of the Canada Corporations Act -	13,750	6,250
	1,895,148	1,687,612
Transfer from capital surplus pursuant to supplementary letters patent of November 5, 1968 - - - - -	50,750	—
Balance at end of year - - - - -	<u>\$1,945,898</u>	<u>\$1,687,612</u>
Dividends paid per share:		
Preferred - - - - -	<u>\$2.50</u>	<u>\$2.50</u>
Common - - - - -	<u>\$.45</u>	<u>\$.45</u>

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

Statement of Changes in Net Assets

	For the year ended December 31	
	1968	1967
Net assets at beginning of year - - - - -	\$13,852,603	\$13,820,919
Add—Net income for the year - - - - -	1,010,576	1,010,482
Net profit on investments sold - - - - -	227,747	—
Profit on purchase for cancellation of first preferred shares - - - - -	3,348	1,224
	<u>15,094,274</u>	<u>14,832,625</u>
Less—		
Dividends paid or declared:		
On first preferred shares Series A - - - - -	146,349	147,036
On common shares in second preferred shares (since redeemed) - - - - -	826,736	826,736
Tax paid under Section 105(2) of the Income Tax Act - - - - -	43,952	—
First preferred shares Series A purchased for cancellation - - - - -	13,750	6,250
	<u>1,030,787</u>	<u>980,022</u>
Net assets at end of year - - - - -	<u>\$14,063,487</u>	<u>\$13,852,603</u>
Net profit on investments sold:		
Investments in shares at beginning of year - - - - -	\$13,626,276	\$13,636,877
Add—Purchase of investments during year - - - - -	459,611	—
	<u>14,085,887</u>	<u>13,636,877</u>
Less—Allowance for depletion (Note 3) - - - - -	—	10,601
Investments in shares at end of year - - - - -	13,716,902	13,626,276
	<u>13,716,902</u>	<u>13,636,877</u>
Investments sold during year - - - - -	368,985	—
Proceeds from sale of investments during year - - - - -	596,732	—
Net profit on investments sold - - - - -	<u>\$ 227,747</u>	<u>\$ —</u>
Apparent liquidating value per common share:		
(after deducting outstanding preferred shares at call price)		
At beginning of year - - - - -	<u>\$12.20</u>	<u>\$11.74</u>
At end of year - - - - -	<u>\$15.55</u>	<u>\$12.20</u>

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

Notes to the Financial Statements

DECEMBER 31, 1968

1. The carrying value of investments in shares is as follows:

(a) Shares purchased prior to 1951 are at cost or at market value in 1951 when a portion of the portfolio was written up to approximate market value as part of a capital reorganization.

(b) Shares purchased since 1951 have been recorded at cost.

In addition, the above carrying values have been reduced by the allowances recorded prior to 1968 for depletion on securities where the Government of Canada granted such allowances.

Profits (or losses) on sales of investments have been taken at the difference between the proceeds received and the average net carrying value at the date of sale.

The indicated market values of portfolio holdings are the result of pricing the company's holdings at the closing quoted market prices as at December 31. Such amounts do not necessarily represent the value of the total holding in any company which may be more or less than that indicated by market quotations.

	First preferred		Common	
	Shares	Amount	Shares	Amount
2. Share capital:				
Authorized January 1, 1968 - - - - -	119,492	\$5,974,600	2,000,000	\$10,000,000
Supplementary letters patent dated November 5, 1968—				
Cancelled - - - - -	1,015	50,750	—	—
Authorized December 31, 1968 - - - - -	118,477	\$5,923,850	2,000,000	\$10,000,000
Outstanding January 1, 1968 - - - - -	58,752	\$2,937,600	1,837,190	\$ 9,185,950
Purchased and redeemed - - - - -	275	13,750	—	—
Outstanding December 31, 1968 - - - - -	58,477	\$2,923,850	1,837,190	\$ 9,185,950
			Second preferred	
			Shares	Amount
Authorized January 1, 1968 - - - - -			18,767,770	\$ 938,389
Supplementary letters patent dated November 5, 1968—				
Authorized - - - - -			100,000,000	5,000,000
Redeemed and cancelled - - - - -			(16,534,710)	(826,736)
Authorized December 31, 1968 - - - - -			102,233,060	\$ 5,111,653
			Second preferred	
			Shares	Amount
Outstanding January 1 1968 - - - - -			—	—
Issued - - - - -			16,534,710	\$ 826,736
Redeemed and cancelled - - - - -			(16,534,710)	(826,736)
Outstanding December 31, 1968 - - - - -			—	—

3. In prior years, the company's practice was to record depletion on securities where the Government of Canada granted such allowances. The resulting charge to income was applied to reduce the carrying values of the securities concerned. Since the indicated market value of the company's investments is substantially in excess of their carrying value, the directors have decided that it is no longer appropriate to provide for depletion and this practice has been discontinued in 1968. The net income for the year ended December 31, 1968, but for this change, would have amounted to approximately \$975,900 or 45¢ per common share after deducting preferred dividends.

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

Portfolio of Investments

DECEMBER 31, 1968

Class	No. of Shares	Class	No. of Shares
Alcan Aluminium Ltd. - - - - Common	5,000	Industrial Acceptance Corporation Ltd. - - - - Common	4,000
Algoma Steel Corp. Ltd. - - - - Common	20,000	International Nickel Co. of Canada Ltd. - - - - - Common	7,500
Argus Corporation Ltd. - - - - Common	31,000	Interprovincial Pipe Line Co. - - - - Common	20,000
Argus Corporation Ltd. - - - - "C" Prefd.	120,000	MacMillan Bloedel Limited - - - - Common	5,000
Bank of Montreal - - - - - Common	2,500	Moore Corporation Ltd. - - - - Common	40,000
Bank of Nova Scotia - - - - - Common	2,500	Royal Bank of Canada - - - - - Common	5,000
Canada Packers Ltd. - - - - - Common	35,000	Simpsons Ltd. - - - - - - - Common	8,000
Canadian General Investments Ltd. - - - - - Common	312,116	Southam Press Ltd. - - - - - Common	1,000
Canadian Industries Ltd. - - - - - Common	3,000	Steel Co. of Canada Ltd. - - - - - Common	10,000
Cominco Limited - - - - - - - Common	10,000	Stuart, D. A., Oil Co. Ltd. - - - - - Common	4,000
Distillers Corporation Seagrams Ltd. - - - - - Common	20,000	Trans-Canada Pipe Lines Ltd. - - - - - Common	1,000
Dominion Foundries & Steel Ltd. - - - - - Common	40,000	Union Carbide Ltd. - - - - - - - Common	2,000
Dominion Textile Co. Ltd. - - - - - Common	3,000	United Canadian Shares Ltd. - - - - - Common	1,000
Huron & Erie Mortgage Corporation - - - - - - - Common	60,700	Hiram Walker-Gooderham & Worts Ltd. - - - - - - - Common	12,000
Imperial Oil Ltd. - - - - - - - Common	4,000		

